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Alfredo R. Pérez

Attorneys for Lehman Brothers Holdings Inc.
and Certain of its Affiliates

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	08-13555 (SCC)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**DECLARATION OF ALFREDO R. PÉREZ IN SUPPORT OF
ORDER TO SHOW CAUSE TO CONSIDER THE MOTION OF LEHMAN BROTHERS
HOLDINGS INC. PURSUANT TO BANKRUPTCY RULE 9019 FOR APPROVAL OF
SETTLEMENT AGREEMENT RESOLVING CLAIM OF DR. H.C. TSCHIRA
BETEILIGUNGS GMBH & CO. KG AND KLAUS TSCHIRA STIFTUNG GGMBH**

I, Alfredo R. Pérez, being fully sworn, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am an attorney admitted to practice before this Court and a partner of Weil, Gotshal & Manges LLP, attorneys for Lehman Brothers Holdings Inc. (“LBHI” and the “Plan Administrator”), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors. Unless otherwise indicated, I have knowledge of the facts set forth herein from various employees of the Plan Administrator and from the Plan Administrator’s professionals.

2. I submit this declaration in support of the Order to Show Cause (the “Order to Show Cause”) in connection with the Plan Administrator’s motion, dated February 26, 2014 (the “Motion”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, seeking approval of a settlement agreement (the “Settlement Agreement”) between LBHI, on the one hand, and Dr. H.C. Tschira Beteiligungs GmbH & Co. KG (“KG”) and Klaus Tschira Stiftung gGmbH (“KTS” and together with KG, the “Tschira Entities”), on the other hand,¹ all as more fully described in the Motion.

3. Pursuant to the Second Settlement Procedures Order, the Motion requires at least 10 business days’ notice. The Plan Administrator is requesting an order to shorten the notice period ordinarily required and setting March 5, 2014 as the date for the hearing on the Motion.

The Need for Shortened Notice with Respect to the Motion

4. The Plan Administrator is seeking approval of a Settlement Agreement between LBHI and the Tschira Entities. A fully executed copy of the Settlement Agreement is attached to the Motion as Annex A.

5. The Settlement Agreement will result in the following benefits to LBHI and its creditors:

- Pursuant to the Settlement Agreement, the Tschira Entities will withdraw the Tschira Appeal, which will result in the satisfaction of the last remaining condition precedent to the effectiveness of the LBF Settlement. As a result of the LBF Settlement:
 - LBF will assign to LBHI all of its right, title and interest in approximately \$9.2 billion in claims that LBF has asserted against certain other Lehman affiliates, including approximately \$1.1

¹ Capitalized terms used but not defined in this Declaration shall have the meanings ascribed to them in the Motion.

billion in cash that LBF has already collected to date in respect of such claims.

- LBF's \$15.4 billion in asserted claims against the Chapter 11 Estates (by far among the largest claims in these chapter 11 cases) will be replaced by an allowed claim against LBHI in the amount of \$942 million based on certain securities guaranteed by LBHI.
 - In total, approximately \$1.8 billion will become available for distribution to creditors.
 - LBHI will have an allowed claim against LBF in the amount of CHF 9.548875 billion (corresponding to approximately \$8.75 billion converted to Swiss Francs at the rate of USD/CHF 1.0913).²
- LBHI will also gain the right (which it had previously waived) to interpose an objection to the Tschira Entities' claims against LBF, but only to the extent that these claims exceed certain agreed upon caps as provided in a settlement between LBF and the Tschira Entities or a schedule of claims published by LBF (Kollokationsplan).

6. Expedited approval is necessary in order to ensure that LBHI receives the \$1.1 billion in cash that it expects to receive from LBF pursuant to the LBF Settlement Agreement in time for those funds to be included in the next Distribution Date. The Settlement Agreement can only become effective once the order approving the Settlement Agreement becomes a final, unappealable order. After the order becomes final, it is expected that at least an additional three business days will be needed for the Swiss Bundesverwaltungsgericht to dismiss the Tschira Appeal, and for LBF to transfer the cash that it has collected in respect of affiliate claims to LBHI. If these funds are received any later, it is not likely that LBHI will be able to include them in the next Distribution Date. Therefore, it is necessary for the order approving the

² LBHI has agreed partially to subordinate its claim against LBF to the claims of LBF's third-party creditors. Specifically, LBF will implement a waterfall in its liquidation that provides an initial priority recovery to general unsecured third-party creditors of \$1.275 billion (provided that no such creditor shall receive more than 50% of its allowed claim). LBF's affiliate creditors shall receive a priority distribution equal, on a percentage basis, to the priority recovery, on a percentage basis, of LBF's third party creditors. Following this initial priority distribution, LBHI will participate pro rata with all creditors in LBF's distributions.

Settlement Agreement to become a final order no later than March 20, 2014. For this to occur, an order approving the Settlement Agreement would need to be entered no later than March 5, 2014, so that the fourteen day period for filing a notice of appeal pursuant to Bankruptcy Rule 8002(a) expires on March 19, 2014.

7. Given that even a short delay has a serious and harmful effect on the time-value of such a large sum of money, the Plan Administrator believes that expedited approval of the Settlement Agreement is necessary and warranted in these circumstances. Accordingly, the Plan Administrator requests that the Court enter the Order to Show Cause so that the Motion can be considered on **March 5, 2014 at 2:00 p.m. (Prevailing Eastern Time)**, with objections and responses, if any, to be received by **March 4, 2014 at 12:00 p.m. (Prevailing Eastern Time)**.

8. No previous request for the relief sought herein has been made by LBHI or the Plan Administrator to this or any other court.

Dated: February 26, 2014
New York, New York

/s/ Alfredo R. Pérez
Alfredo R. Pérez

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